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2 August 1948.

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

Subject : Administrative Support for CIA.

Reference : DCI's Secret memorandum of 21 July 1948.

1. In accordance with the above reference, the Committee met on Thursday, 22 July, to discuss procedure. It was determined that a preliminary talk to explore the various phases of the problem should be held between the Assistant Director SO and the Executive for A&M. As a result, the following was agreed to:

- a. All domestic security functions including personnel investigations of semi-covert and covert personnel should be combined under the Executive for I&S.

2. The Committee met on Friday, 29 July, without the Executive for I&S, it having been considered no longer necessary for him to attend in view of the agreement with regard to the combining of the inspection facilities. A paper was submitted by the Assistant Director SO incorporating the ideas of that office with regard to the necessary reorganization for the implementation of NSC 10. (This paper is forwarded as Enclosure A.) This did not coincide with the ideas of the Executive for A&M and it was decided that he should submit a separate paper incorporating the ideas of administrative support required in any reorganizational set up. (This paper is forwarded as Enclosure B.)

3. In view of the opposing ideas presented, it will be necessary for the Director to make final determination as to the reorganized set up on the basis of these two presentations.

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Executive Director

cc: ADSO

Exec for A&M

Exec for I&S ✓

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23 July 1948

MEMORANDUM FOR: DIRECTOR, CENTRAL INTELLIGENCE

1. Reference is made to memorandum of the Director of Central Intelligence, 21 July 1948, subject: "Administrative Support for CIA."
2. When CIA has two covert offices, the following procedure for operational control and administrative support should be established:
 - a. An officer on the Director's staff, with a small staff of assistants, should be designated to coordinate and supervise the operations and administrative support of the two covert offices. This officer will be a staff officer and can only issue instructions in the name of the Director.
 - b. An autonomous administrative and services unit should support the two covert offices. The present Administration and Services of OSO should become this unit .
3. The present Administration and Services unit of OSO should become the unit to support the two covert offices. It is currently servicing the Special Procedures Group of OSO, as well as the other operational activities of OSO. When the Special Procedures Group, which should form the nucleus of the new covert office, becomes the Office of Special Projects smooth transition and uninterrupted service will be provided the new covert office without the confusion and lack of efficiency which would result from a major administrative reorganization.

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No major change in the organization and functions of the present Administration and Services unit are advisable except the following which are recommended for consideration:

a. All domestic security functions including personnel investigations of semi-covert and covert personnel should be combined under the Executive for Inspection and Security.

b. A high-level personnel procurement officer with a very small staff should be assigned each of the covert offices to:

(1) Maintain intimate knowledge of operational requirements and attendant personnel needs.

(2) Maintain effective liaison with Personnel Procurement Section of CIA to insure fulfillment of his office's requirements.

(3) Establish certain high-level contacts for the procurement of highly specialized personnel coordinating this program with agent procurement.

4. There is no need for separate, autonomous administrative support for each of the covert offices since their activities are covert and will have to be closely coordinated. On the other hand, support of covert operations by an overall, centralized CIA administrative unit is equally impractical. Security of operations cannot be maintained under this system since effective services require an intimate knowledge of operations by those furnishing the support and this knowledge would have an unwarranted spread.

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Moreover, the procedures vary widely from normal governmental services and require specialized knowledge and action. In addition, those concerned with the direction and coordination of operations must have a large measure of control over their supporting services. Just as much so as a commander in battle.

5. Consequently, a complete centralization of all support functions in CIA is regarded as unworkable even if detached sections are placed with the covert offices. The latter system was given a year's trial in this organization and found absolutely impractical. Duplication with autonomous administrative support for covert activities is not considered real because of the wide difference in the conduct of covert and other activities of the organization. No appreciable saving in personnel would result from a consolidation. If we are to run a secure, secret intelligence organization, it will be necessary to continue the present system regardless of criticism. These opinions are based upon an intimate day-to-day knowledge of the problems involved and upon detailed investigation of these problems.

CC: Executive Director
Executive for A & M

DONALD H. GALLOWAY
Assistant Director
Special Operations

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2 August 1948

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Director

Executive for Administration and Management

Administrative Support for CIA.

Reference: Memorandum from the Director, subject, Administrative Support for CIA, dated 21 July 1948. (Attached as Inclosure No. 1.)

1. Primary considerations.

a. Should we provide for two completely separate and autonomous covert units?

b. Should we provide a completely autonomous covert organization through the establishment of an additional staff under the Director (title would not alter purpose or function) to control all covert operations and administration?

c. Should we provide completely centralized administrative support for all of CIA under current organizational structure, and absorb therein the currently separate administrative functions now under direct control of ADSO?

d. Should we adopt some compromise of the three possibilities indicated above.

2. Problems involved.

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a. The spirit and intent of

b. Whether adequate operational security can be provided by more centralized overall administrative support.

c. Current consideration by both Dulles and Hoover investigating groups as to whether covert operations are correctly assigned to CIA.

d. Current inquiry by Hoover group as to cooperation and coordination between covert and essentially overt activities of CIA.

e. Constantly recurring necessity to justify to the Bureau of the Budget, Committees of Congress and the Civil Service Commission apparent and obvious duplications in organizational structure and increased fiscal requirements occasioned thereby.

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3. Discussion.

a. The full group designated by the Director to review and report on the problem of administrative support has met once. ADSO and myself have had a personal conference, the results of which I have reported in writing (see Inclosure 2.). One conference has been held between the Executive Director, ADSO and myself. The results of these meetings are indicated below:

(1) There is agreement that two separate individually autonomous covert units should not be considered.

(2) There is agreement that all domestic security functions, including personnel investigations for semi-covert and covert personnel should be consolidated directly under the Executive for Inspection and Security.

(3) There is complete disagreement between ADSO and the Executive for Administration and Management as to the balance of the problems. Due to this disagreement, we have been instructed by the Executive Director to submit separate reports and recommendations.

b. (1) It is my understanding that the spirit and intent of NSCID 10 is that the additional covert office required thereby shall not be a part of the Office of Special Operations, but shall be established as a separate office with an Assistant Director on the same level as that of the other Assistant Directors and with the same access and responsibility to the Director.

(2) The Assistant Director for Special Operations proposes that he and two of his subordinates be established as a Staff Group, responsible to the Director for the conduct and administrative support of all covert operations, and that a separate administrative staff be established for ~~such~~ administrative support. This would require the appointment of a new ADSO, a covert administrative staff chief on the same level as the Executive for Administration and Management, and that these officials, together with the Assistant Director appointed under NSCID 10, report through and be controlled by the new Covert Operations Staff Chief. Such action could in my opinion only appear to interested parties to be a direct contravention of the intent and spirit of NSCID 10, by establishment through a reorganizational subterfuge of a control which NSCID 10 is expressly worded to avoid.

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(3) If it should be determined to provide combined autonomous administrative support for covert activities it would, in my opinion, be much more within the spirit of NSCID 10 to establish such support directly under the supervision of the Executive Director without the establishment of any additional covert operational staff control.

c. (1) It has been my growing opinion that the term "operational security" has been used within ourselves with an insistence based on determination to achieve covert autonomy rather than with real logic and substance.

(2) The Branch Chiefs of A&M have, and necessarily to perform their functions, considerable broad information relative to covert operations. Each of them has previously been employed by OSS and SSU and were not considered insecure at that time. One of them, and myself, have been honored by the Director's personal confidence on several occasions in connection with matters involving the highest degree of security. ADSO has personally assured me on several occasions that he has no concern security-wise insofar as I am concerned. Also, it is my own conviction that the caliber and abilities of A&M supervisory personnel are at least somewhat higher than that of their counter-parts engaged in direct covert support.

(3) It is possible to provide organizationally for entirely adequate security in overall support of all CIA operations through centralization of all support functions. In so doing, considerable economy and greater efficiency in support operations would result. In such case, I would make one change in A&M supervisory personnel [redacted] would be placed in charge of Services, over [redacted]

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d. (1) I believe that the point of view of the [redacted] group that covert operations should be removed from CIA has been pointed up both by recent Security Council discussions and the Baldwin articles.

(2) The Hoover Commission Group now with us has asked me, and other CIA officials whom they have contacted, whether covert operations should be removed from CIA, and if not, why. Their report will cover this matter specifically.

(3) My information to date indicates that Assistant Directors who have been asked about this point have stated that they do not have sufficient contact with or knowledge of the covert activities to have a reasonable answer, and that due to this situation there is no particular advantage to them in its retention, insofar as they have knowledge.

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(4) My answer, which I continue to emphasize for all of CIA is:

(a) Only in CIA can we be sure that activities are not emphasized or slanted to meet pre-determined departmental policy.

(b) Only in CIA can we be assured of an adequate objective central service which will be accepted by and available to all other agencies without departmental duplication.

(c) Only in CIA, through coordination and direct cooperation with other CIA offices with an objective national approach to intelligence problems can we be assured of proper utilization and integration to meet national rather than departmental or other separate requirements.

(d) Only in CIA can we be assured that we receive and can utilize for the national intelligence picture the entire product of covert activity.

(e) Only in CIA can we be assured of the most economical and least duplicative support of covert activities.

(f) Only in CIA can we be reasonably assured of adequate budget provision and Congressional support of these activities.

(5) Complete, or nearly complete administrative autonomy for covert operations will provide organizational support for transfer of such operations from CIA to some other agency, or establishment as a separate agency of government. This, taken together with the wall currently built between covert and other activities of CIA would in itself refute any argument for retention. If it should appear to be neither economically nor operationally unsound to make such a transfer the temptation becomes even greater.

(6) (a) Major administrative problems in connection with separate autonomy for covert operations are:

- 1.. Budget
2. Personnel
3. Space
4. Procurement and distribution of supplies, including developmental contracts
5. Transportation
6. Communications

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7. Warehousing
8. Packing and crating
9. Reproduction
10. Relations with other agencies
11. Possibly CE Registry and Cover and Documentation.

(b) I believe that it is admitted by all of us that it is much more expensive and less efficient from the standpoint of a single agency to maintain duplicate administrative support activities in these fields. Competitive approaches, which I believe can result only in searching inquiries as to the actual necessity for such duplication, will be the inevitable result.

(c) This reduces the problem again to economical and efficient operations versus a claim of inflexibility and insecurity. I am convinced that we can have the former without the latter by proper organization and control, and in so doing can afford to the Director a consistently sound and defensible position in carrying out his personal responsibility for management of all of CIA in the best interests of the U. S. Government.

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(7) I am accused by the articles of "empire building" and of being "the tail which wags the dog". In our last meeting ADSO repeated the "wagging" comment and stated that he feels that I have a neat, orderly mind which is governed by regulations and wishes to provide controls which covert operations cannot abide by. These things should be considered by the Director in determining his action.

(8) Before making my recommendations, I wish to state that they are prompted only by complete loyalty to the Director and CIA, and represent my objective opinion of action necessary to best support the Agency in meeting its current problems and consolidating its future position in meeting its mission. I do feel that more control is needed than has been provided in the past for covert administrative support. I also believe that the only way to achieve real flexibility within an overall CIA budget, provision, is to establish one central fund which can be used at the discretion of the Director to meet shifting emphasis and targets as the world situation changes.

4. It is recommended that:

a. Neither of the two covert offices be given complete administrative autonomy.

b. All domestic and overt foreign security functions be

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centralized under the supervision of the Executive for Inspection and Security, to include all personnel investigations of semi-covert and covert personnel.

c. No covert operations staff be established for control of the covert offices of CIA.

d. Complete administrative support for all of CIA be centralized under the Executive for Administration and Management, to include:

(1) Transfer of Communications as a branch of A&M.

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(2) Consolidation of OSO Special Funds Division into Budget and Fiscal Branch, A&M, under []

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(3) Consolidation of OSO Personnel Division into Personnel Branch, A&M, under []

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(4) Consolidation of OSO Transportation and Services Division into Services Branch, A&M, with [] to be assigned as Chief of that Branch.

(5) Elimination of the Administration and Services Staff of OSO.

(6) Provision for a small administrative staff for internal administrative action within each of the two covert offices, similar to that now provided for other offices of CIA.

(7) Instructions to the Executive for Administration and Management to initially reduce the currently authorized personnel requirements for OSO direct administrative support by at least one third except in communications, which shall be reduced to the extent possible, and to effect further reductions when practicable.

(8) Instructions to the Executive for Administration and Management to so organize and establish procedures for administrative support as to insure adequate security of operations.

(9) Instructions to the Assistant Directors of covert offices to deal directly with the Executive for Administration and Management and his branch chiefs for administrative support.

(10) Changing the composition of the Project Review Committee to include the Executive for Administration and Management as a member, and A&M branch chiefs as advisors on call of the Chairman.

e. The Assistant General Counsel for Special Operations be

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redesignated as Assistant General Counsel for covert activities.

f. A study be made of the support functions performed by OSO Registry Division and OSO Cover and Documentation Division to determine whether these divisions will be required to support both covert offices. If so, they should be reassigned as indicated below:

- (1) Registry - To Biographic Branch, OCD.
- (2) Covert Documentation - To Services Branch, A&M.

g. Provision be made to the extent practicable for closer working coordination and cooperation between our covert and overt offices.

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2 Incls.

Memo, dtd 21 July 1948, Director to Ex.Dir., Asst. Dir., SO,
Exec. A&M, Exec. I&S

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Memo, dtd 26 July 1948, [] to Exec. Dir.

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21 July 1948

MEMORANDUM FOR: Executive Director
Assistant Director, Special Operations
Executive for A&M
Executive for I&S

Subject: Administrative support for CIA

1. In view of the current inspections by representatives of the Hoover Commission, by representatives of the Dulles-Jackson-Correa committee, as well as by the Budget Review Board, etc., the organization of the CIA is being very carefully scrutinized. It has been my belief for some time that considerable duplication exists, particularly as regards the various kinds and classes of administrative support of CIA.

2. I should like the addressees to meet and consider an organization of our Agency whereby duplication may be minimized with due regard to the necessity for efficient and secure operations. Especially is this necessary now with the directives contained in NSC 10.

3. It seems to me that the following three cases should be carefully examined:

a. Complete and separate autonomy for each of the two covert offices.

b. Autonomous administrative support for the two covert offices by the designation of a Deputy Director to supervise both offices directly and to assume the administrative support.

c. A complete centralization of all support functions under the current organization.

4. While the above cases are believed to be illustrative, it is not my intention that the addressees should limit their consideration only to those cases. Instead, what should be sought for is a scaling-down and streamlining of support functions, always consistent with the necessity for security.

5. If the above addressees feel the need for obtaining the views of any of the other members of CIA (for example: finance, budget, legal, etc.), they are authorized to call representatives before them and to obtain statements.

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R. H. HILLENKOTTER
Rear Admiral, USN

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Executive Director

26 July 1948

Executive for Administration and Management

Administrative Support for CIA.

1. As agreed at the first meeting of the group designated by the Director's memo on above subject, dated 21, July 1948, the Assistant Director for Special Operations and myself discussed the subject on 23 July and agreed:

OK a. That complete and separate autonomy for each of the two covert offices should not be considered.

OK b. That all domestic security functions including personnel investigations of semi-covert and covert personnel should be combined under the Executive for Inspection and Security.

2. a. The Assistant Director for Special Operations is of the opinion that all covert administrative support functions (other than indicated in 1b above) should be completely separate and autonomous under a staff officer on the Director's staff.

b. He does not believe that another Deputy Director should be appointed to supervise covert activities, and I concur with him on this point.

3. a. It is my opinion that much greater centralization of support functions under current organization, to provide overall support for all CIA activities is both feasible and desirable, and that increased efficiency with at least no loss in currently provided security will result.

b. The Assistant Director for Special Operations expressed willingness to fully explore this point of view before submitting a final opinion.

4. Support functions to be considered from either an overall or separate responsibility angle should be:

- (1) Personnel
- (2) Budget and Finance
- (3) Supply, transportation and reproduction services
- (4) Communications
- (5) Registry
- (6) Cover and documentation

5. Recommend:

a. That each chief (OSO-A&M) of the activities listed under

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(1)(2) and (3) of paragraph 4 above be called before the group designated by the Director, separately for each function, and possibilities of further centralization discussed.

b. That the activities listed under (4)(5) and (6) of paragraph 4 above be discussed by the group designated by the Director.

c. That after careful consideration of all angles of the problem a written report and recommendations be prepared for action by the Director, including opposite views of the group members should no agreement be reached on any point or points.

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cc: ADSO
Executive for A&M
Executive for I&S

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